
BORANA
TM
WEAVES LTD
Weaving Dreams

NOMINATION AND REMUNERATION POLICY

Borana Weaves Limited (the "Company") has formulated this policy to provide a framework for nomination and remuneration of members of the board of directors of the Company (the "Board"), key managerial personnel and other employees of the Company (the "Policy").

This Policy is guided by the principles and objectives enumerated in Section 178(3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the "Act") and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company. The Board of the Company has constituted the Nomination and Remuneration Committee (the "NRC"), which is in compliance with the requirements of the Companies Act, 2013 and Regulation 19 of the Sebi (LODR) Regulation, 2015.

1. OBJECTIVE:

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of the Sebi (LODR) Regulations. The Key Objectives of the Committee would be:

a) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;

b) To formulate the criteria for evaluation of performance of independent directors and the Board;

c) Devising a policy on Board diversity;

d) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report.;

e) Analysing, monitoring and reviewing various human resource and compensation matters;

f) Determining the Company’s policy on specific remuneration packages for

executive directors including person rights and any compensation payment and determining remuneration packages of such directors;

g) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market related usually consisting of a fixed and variable component;

h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

i) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 including the following:
   i. Administering the employees stock option plan (the "Plan");
   ii. Determining the eligibility of employees to participate under the Plan;
   iii. Granting options to eligible employees and determining the date of grant;
   iv. Determining the number of options to be granted to an employee;
   v. Determining the exercise price under the Plan;
   vi. Deciding on matters such as quantum of and milestones for grant, eligibility of employees who shall be entitled to grant of options, vesting period and conditions thereof, termination policies, etc. and
   vii. Construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan;

j) Framing suitable policies and systems to ensure that there is no violation, as amended from time to time of any securities laws or any other applicable laws in India or oversea, including:
   i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
   ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;

k) Determine whether to extend or continue the term of appointment of the independent Director, on the basis of the report of performance evaluation of independent Directors;

l) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee;

m) Recommending to the Board all remuneration, in whatever form, payable to senior management.

n) To ensure that level and composition of remuneration is reasonable and

sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

o) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

p) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;

2. EFFECTIVE DATE

This Policy shall be effective from the date of Listing.

3. DEFINITIONS:

1) Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
2) Board means Board of Directors of the Company.
3) Directors mean Directors of the Company.
4) Key Managerial Personnel means
   a) Chief Executive Officer or the Managing Director or the Manager;
   b) Whole-time director;
   c) Chief Financial Officer;
   d) Company Secretary; and
   e) Such other officer as may be prescribed.
5) Senior Management Personnel means officers/personnel of the listed entity who are members of the core management team excluding Board of Directors and normally this shall comprise of all members of management on level below the CEO/MD/WTD/MANAGER and shall specifically include the Company Secretary and Chief Financial Officer.
6) Nomination and Remuneration Committee shall mean the committee of the Board constituted, or reconstituted, as the case may be, in accordance with Section 178 of the Act and the Listing Regulations.

4. ROLE OF THE NRC:

A. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy and recommend to the Board their appointment and removal and shall carry out evaluation of every Directors performance.

B. Policy for appointment and removal of Director, KMP and Senior Management

1. Appointment criteria and qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the retirement age fixed by the Board or as approved by the Shareholders pursuant to the requirement of the Act.

2. Term / Tenure

a) Chairman/Managing Director/Whole-time Director:
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

- An independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an independent Director. Provided that an independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the NRC as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

c) Evaluation

The Committee shall carry out evaluation of performance of the Board/NRC and individuals at regular interval (yearly).

d) Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the NRC may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

e) Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act or the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

5. POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

1. General:

a) The remuneration / compensation / commission etc. to the Chairman/ Managing Director/Whole-time Directors will be determined by the NRC and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b) The remuneration and commission to be paid to the Chairman/Managing Director/Whole-time Directors shall be in accordance with the percentage / limits/conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

c) Increments to the existing remuneration/ compensation structure may be recommended by the NRC to the Board which should be within the limits approved by the Shareholders in the case of Chairman/Managing Director/Whole-time Directors.

d) Where any insurance is taken by the Company on behalf of its Chairman/Managing Director/ Whole-time Directors, Chief Executive Officer,

Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

e) Remuneration of other KMP or Senior Management Personnel shall be as per the policy of the Company based on the grade structure in the Company.

2. Remuneration to Chairman /Managing Director /Whole-time director/KMP and Senior Management Personnel:

a) Fixed pay:

The Chairman/ Managing Director/Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the NRC or policy of the Company. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the NRC and approved by the shareholders.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Chairman/Managing Director/Whole-time Directors in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Company by means Special Resolution, if applicable.

c) Provisions for excess remuneration:

If any Chairman/Managing Director/Whole-time Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior approval required under the relevant section, he / she shall refund such sums to the Company within two years or such lesser period as may be allowed by the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

6. REMUNERATION TO NON- EXECUTIVE / INDEPENDENT DIRECTOR:

A. Remuneration / Commission:

The remuneration / commission shall be fixed as per the limits and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder, and Sebi (LODR) Regulations, 2018.

B. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or committee or such amount as may be approved by the Board of Directors subject

to the provisions of the Companies Act, 2013.

C. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

D. **Stock Options:**

An independent Director shall not be entitled to any stock option of the Company.

7. MEMBERSHIP

- The NRC shall consist of a minimum 3 or more non-executive directors out of which not less than one-half shall be Independent Directors.
- Minimum two (2) members shall constitute a quorum for the NRC meeting.
- Membership/Composition of the NRC shall be disclosed in the Annual Report.
- Term of the NRC shall be continued unless terminated by the Board of Directors.

8. CHAIRPERSON

- Chairperson of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

9. FREQUENCY OF MEETINGS

The meeting of the NRC shall be held at such regular intervals as may be required.

10. COMMITTEE MEMBERS' INTERESTS

A member of the NRC is not entitled to be present/participate in discussion when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

11. SECRETARY

The Company Secretary of the Company shall act as Secretary of the NRC.

12. VOTING

Matters arising for determination at NRC meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the NRC.

13. NOMINATION DUTIES

The duties of the NRC in relation to nomination matters include:

1. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board, their appointment and removal;

2. Ensuring that on appointment to the Board, Non-Executive Directors receive formal letter of appointment in accordance with the guidelines provided under the Act;

3. Determining the appropriate size, diversity and composition of the Board;

4. Devising a policy on diversity of the Board of Directors;

5. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

6. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

7. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

8. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

9. Whether to extend or continue the term of appointment of the independent Director, on the basis of the report of performance evaluation of independent Directors;

10. Delegating any of its powers to one or more of its members or the Secretary of the NRC;

11. Recommend any necessary changes to the Board; and

12. Considering any other matters, as may be requested by the Board.

14. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

1) To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

2) To ensure the remuneration maintains a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

3) To delegate any of its powers to one or more of its members or the Secretary of the Committee.

4) To consider any other matters as may be requested by the Board.

5) Professional indemnity and liability insurance for Directors and senior management.

15. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be recorded in minutes and signed by the Chairman of the NRC at the subsequent meeting. Minutes of the NRC meetings will be tabled at the subsequent Board and NRC meeting.

16. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NRC;

This Policy may be reviewed at such internals as the Board or NRC may deem necessary;

Disclosures of this Policy as may be required under the Act and the SEBI Listing Regulations, may be made as and when required.

17. DISSEMINATION OF POLICY

This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the annual report of the Company.